

INFORMATION BULLETIN #74

SALES TAX

SEPTEMBER 2007

DISCLAIMER: Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information that is not consistent with the law, regulations or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUBJECT: Sales and Use Tax Exemption for Aircraft Being Repaired or Remanufactured

REFERENCES: IC 6-2.5-3-2; IC 6-2.5-5-39; IC 6-2.5-5-42

INTRODUCTION:

P.L. 211-2007 was passed by the Indiana General Assembly effective July 1, 2007 to provide a sales and use tax exemption for aircraft brought into Indiana to be repaired, refurbished, remanufactured or for a prepurchase evaluation.

Exemption from Use Tax

IC 6-2.5-3-2 provides an exemption from the use tax for an aircraft that meets the following requirements:

1. the aircraft is titled, registered or based in another state or country;
2. the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;
3. the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subject to a prepurchase evaluation; and

4. within 30 days after completion of the repair, refurbishment, remanufacture or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

Exemption from Sales Tax

IC 6-2.5-5-42 provides that an aircraft is exempt from the sales tax if:

1. the purchaser is a nonresident;
2. the purchaser transports the aircraft to a destination outside Indiana within 30 days after:
 - A. accepting delivery of the aircraft; or
 - B. a repair, refurbishment, or remanufacture of the aircraft is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment or remanufacture of the aircraft;
3. the aircraft will be:
 - A. titled or registered in another state or country; or
 - B. based in another state or country, if the state or country does not require a title or registration for aircraft; and
4. the aircraft will not be titled or registered in Indiana.

Within 60 days after a purchaser accepts delivery of an aircraft, and claims an exemption for an aircraft to be registered outside Indiana, the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana.

Within 60 days after a repair, refurbishment, or remanufacture of the aircraft is completed, and the aircraft remains in Indiana after the purchaser accepts delivery of the aircraft for the purpose of accomplishing the repair, refurbishment or remanufacture of the aircraft, the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana.

The exemption from the sales and use tax does not provide any exemption for the costs involved in providing parts necessary for the repair, refurbishment or remanufacture of the aircraft unless the equipment is exempt as property being used to provide public transportation.

A handwritten signature in black ink that reads "John Eckart". The signature is fluid and cursive, with the first letter of "John" being a large, stylized capital "J".

John Eckart
Commissioner